

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF	:	
TIDEWATER UTILITIES, INC. FOR THE	:	
APPROVAL OF THE SEMI-ANNUAL	:	Docket No. 17-_____
ADJUSTMENT TO THE DISTRIBUTION	:	
SYSTEM IMPROVEMENT CHARGE ("DSIC")	:	
EFFECTIVE JULY 1, 2017 PURSUANT TO	:	
DEL. C. § 314 (b) (5)	:	

Tidewater Utilities, Inc. ("Tidewater") a public water utility, regulated by the Delaware Public Service Commission ("Commission"), hereby petitions the Commission pursuant to 26 Del. C. § 314 (b) (5), for permission to reset its Distribution System Improvement Charge ("DSIC") effective July 1, 2017, which is no less than thirty (30) days from the date of this Application.

1. On November 16, 2016, Tidewater filed an application for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective January 1, 2017. Tidewater's application to reset the DSIC rate to 2.44% received Commission approval on December 20, 2016, by Order No. 9004, PSC Docket No. 16-1067.

2. On May 20, 2016, Tidewater filed an application and on June 17, 2016, filed a revised application for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective July 1, 2016. Tidewater's application to reset the DSIC rate to 1.90% received Commission approval on June 28, 2016, by Order No. 8904, PSC Docket No. 16-0656.

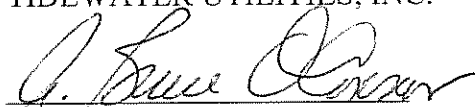
3. On November 19, 2015, Tidewater filed for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective January 1, 2016. Tidewater's application to reset the DSIC rate to 1.06% received Commission approval on December 15, 2015, by Order No. 8833, PSC Docket No. 15-1576.
4. On May 21, 2015, Tidewater filed for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective July 1, 2015. Tidewater's application to reset the DSIC rate to 0.37% received Commission approval on June 2, 2015, by Order No. 8747, PSC Docket No. 15-1000.
5. On November 14, 2014, Tidewater filed for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective January 1, 2014. Tidewater's application to reset the DSIC rate to 0.31% received Commission approval on December 16, 2014, by Order No. 8691, PSC Docket No. 15-0525.
6. Pursuant to 26 Del. C. § 314 (b) (5) Tidewater hereby requests Commission permission to reset its DSIC rate. The aforementioned section states that the DSIC rate shall be adjusted semi-annually for eligible distribution system improvements placed in service during the six month period ending two months prior to the effective date of changes in the DSIC rate. In this filing, Tidewater has included improvements placed in service for the six month period November 1, 2016 through April 30, 2017.
7. Attached are Schedules No. 1, 1A, 1B and No. 2, which supports the development of the DSIC rate.
8. Also attached hereto as Schedule No. 3 is a draft Tariff Schedule of Rates, which reflects the proposed reset to the DSIC rate as July 1, 2017, arising in this Petition.

9. The proposed Tidewater customer rate adjustment, reflected by this application, is 2.43% and is expected to result in additional revenues of approximately \$368,206. The requested rate reset is less than a 5% increase in current rates of Tidewater customers and, as such, satisfies the requirements of 26 Del. C. § 314 (b) (7). Customers will be notified of this change with a statement that shall be printed on the first bill following the effective date of this change. The statement will indicate that the DSIC rate is 2.43% effective July 1, 2017.
10. Tidewater is prepared to provide the Commission with all reasonable information requested by the Commission with respect to this filing.
11. The utility contact person responsible for this Application is the signatory shown below.
12. The Division of Public Advocate has been served with a copy of this filing.

WHEREFORE, in light of the foregoing, Tidewater respectfully requests that the Commission enter an Order, pursuant to 26 Del. C. § 314 (b) (5), approving a semi-annual rate adjustment to the Distribution System Improvement Charge.

Respectfully Submitted,

TIDEWATER UTILITIES, INC.



A. Bruce O'Connor

Treasurer

C/O Middlesex Water Company

1500 Ronson Road

Iselin, NJ 08830-3020

Telephone: 732-638-7502

Facsimile: 732-218-1126

E-mail: aboconnor@middlesexwater.com

Date: May 19, 2017

TIDEWATER UTILITIES, INC.
P.S.C. DEL. NO. 6
~~TWENTY-SIXTH~~FIFTH REVISED PAGE NO. 25
CANCELING
~~TWENTY-FIFTH~~FOURTH REVISED PAGE NO. 25
~~MAY~~NOVEMBER 196, 2016
EFFECTIVE DATE: ~~JULY~~ANUARY 1, 2017

7. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE:

In addition to the net charges provided for in items 1. and 2. of this Tariff Schedule of Rates, a charge of 2.434% will apply to all charges for bills rendered on or after JulyJanuary 1, 2017.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

8. BULK WATER CONTRACT SALES

- a) Ocean View – Under contract, the Town of Ocean View is charged \$4.8024 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Town of Ocean View water distribution system.
- b) Dover Air Force Base – Off Base Housing – Under contract, Dover Air Force Base Housing – Eagle Meadows/Heights is charged \$12.2609 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Eagles Heights and Eagle Meadows Housing subdivision water distribution systems.
- c) Southern Shores – Under contract, Southern Shores Water Company is charged \$5.6116 per thousand gallons of consumption registered through the meter(s) at the interconnection with Southern Shores water distribution systems.

Schedule 1: Development Of Rate And Supporting Data

	PSC	PSC	PSC	PSC	PSC	PSC	PSC	PSC	PSC	PSC
	Docket No.	Docket No.	Docket No.	Docket No.	Docket No.	Docket No.	Docket No.	Docket No.	Docket No.	Docket No.
	14-0525	15-1000	15-1576	16-0656	16-1067	17-0330	Filing	DSIC	Total	
	07/01/14 to 10/31/14	11/01/14 to 04/30/15	05/01/15 to 10/31/15	11/01/15 to 04/30/16	05/01/16 to 10/31/16	11/01/16 to 04/30/17				
1 Net Utility Plant Additions (Schedule 2 and Schedule 2A)	\$ 321,189	\$ 353,454	\$ 1,284,391	\$ 1,514,086	\$ 538,099	\$ 551,704	\$ 4,562,922			
2 Net Accumulated Depreciation Reserve Change (Schedule 2A)	43,432	53,481	(9,521)	146,547	133,445	157,365	\$ 524,748			
3 Net Change in Rate Base (Sum of Lines 1 and 2)	\$ 364,621	\$ 406,935	\$ 1,274,870	\$ 1,660,633	\$ 671,543	\$ 709,069	\$ 5,087,671			
4 Pre-Tax Rate of Return (Schedule 1A)	13.18%	13.18%	13.18%	13.18%	13.18%	13.18%	13.18%			
5 Semi-Annual Pre-Tax Rate of Return (Line 4 divided by 2)	6.59%	6.59%	6.59%	6.59%	6.59%	6.59%	6.59%			
6 Semi-Annual Investment Cost Recovery (Line 3 multiplied by Line 5)	\$ 24,029	\$ 26,817	\$ 84,014	\$ 109,436	\$ 44,255	\$ 46,728	\$ 335,279			
7 Semi-Annual Depreciation Expense (Schedule 2A)	\$ 2,368	\$ 2,577	\$ 9,521	\$ 18,049	\$ 6,018	\$ 2,439	\$ 40,972			
8 Semi-Annual DSIC Revenue Requirement (Sum of Lines 6 and 7)	\$ 26,397	\$ 29,394	\$ 93,535	\$ 127,485	\$ 50,273	\$ 49,167	\$ 376,251			
8A (Over)/Under Collected DSIC Revenue (PSC Order No. 8565)	10,294									
8B (Over)/Under Collected DSIC Revenue (PSC Order No. 8907)				(3,423)						
8C (Over)/Under Collected DSIC Revenue (Schedule 1B)										
9 Total Semi-Annual DSIC Revenue Requirement (Sum of Lines 8, 8A and 8B)	\$ 36,691			\$ 124,062		\$ (8,046)	\$ 368,206			
10 Semi-Annual Projected Water Service Revenues (7/1/17-12/31/17)							15,150,000			
11 Projected DSIC Rate Increase Percentage (Line 8 divided by Line 10)							2.43%			
12 Maximum limitation in a twelve month period							5.00%			
13 Overall limitation							7.50%			

Tidewater Utilities, Inc.
May 2017 DSIC Application to the PSC

**Schedule 1A: Capital Structure Approved In Most Recent
General/Base Rate Case**

Capital Structure Utilized for Rate Setting in Order No. 8611, PSC Docket No. 13-466

	%	Cost	Weighted Cost	Revenue Multiplier	Pre-Tax Cost
Cost of Debt	49.04%	6.01%	2.95%	1.664525	4.91%
Common Equity	50.96%	9.75%	4.97%	1.664525	8.27%
	<u>100.00%</u>		<u>7.92%</u>		<u>13.18%</u>

Tidewater Utilities, Inc.
May 2017 DSIC Application to the PSC

Schedule 2: Projects Placed Into Service And/Or Retired

Utility Plant In Service from November 1, 2016 to April 30, 2017

<u>Project Name</u>	<u>Description of Project</u>	<u>TUI Account #</u>	<u>Amount Applied for DSIC</u>	<u>Retirement Costs</u>
1. Whispering Pines Fire Protection	Installation of new water man to connect to Sussex East and install hydrants for fire protection	2015-304	\$ 459,692	
2. Sussex East Fire Protection	Installation of water main to connect to Whispering Pines and install hydrants for fire protection	2015-305	\$ 224,110	
3. Meter Replacement	Replacement of meters which have reached their useful life.	346	\$ 27,706	
4. PSC Docket No. 16-0656	Understated retirement costs associated with meter replacements as part of PSC Docket No. 16-0656.	346		\$ 159,804
Total			\$ 711,508	\$ 159,804
Net Total			<u>\$ 551,704</u>	

Tidewater Utilities, Inc.
May 2017 DSIC Application to the PSC

Schedule 2A: Net Accumulated Depreciation

Utility Plant In Service from November 1, 2016 to April 30, 2017

Net Additions to Plant and Depreciation Expense

	NARUC A/C #	Amount	Depreciation Rate	Depreciation Amount
Wells & Springs	314	\$ -	2.37%	\$ -
Pumping Structures & Improvements	321	-	3.12%	-
Electric Pumping Equipment	325	-	3.17%	-
Water Treatment Equipment	332	-	2.89%	-
Storage Facilities	342	-	1.61%	-
Mains	343	507,608	1.43%	7,259
Services	345	-	2.12%	-
Meters	346	(132,098)	4.63%	(6,116)
Meter Installations	347	-	3.49%	-
Hydrants	348	176,194	2.12%	3,735
Total		<u>\$ 551,704 (1)</u>		<u>\$ 4,878</u>
Semi-Annual Depreciation Expense				<u>\$ 2,439</u>

(1) - Net of associated retirements. See Schedule 2.

Accumulated Depreciation Reserve Change

Semi-Annual Depreciation Expense (above)	\$ (2,439)
Retirements (See Schedule 2)	159,804
Total	<u>\$ 157,365</u>

Tidewater Utilities, Inc.

Utility Plant In Service Account Allocation - Projection Only
 Net of Retirements
 November 1, 2016 through April 30, 2017

UPIS Account	Whispering Pines Fire Protection	Sussex East Fire Protection	Meter Replacements & Radio Units (1)	PSC Docket No. 16-0656	Total
314				\$	-
321				\$	-
325				\$	-
332				\$	-
342				\$	-
343	\$ 341,673	\$ 165,934		\$	507,608
345				\$	-
346		\$	27,706	\$ (159,804)	\$ (132,098)
348	\$ 118,019	\$ 58,175		\$	176,194
Total	\$ 459,692	\$ 224,110	\$ 27,706	\$ (159,804)	\$ 551,704

(1) Only includes National Metering installation costs.